



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

FILED

11-13-07
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In the Matter of the Application of
PACIFIC GAS AND ELECTRIC
COMPANY (U 39-e) for approval of Air
Conditioning Direct Load Control
Program for Authority to Recover the
Costs of Such Program in Rates.

Application 07-04-009
(Filed April 6, 2007)

**NOTICE OF EX PARTE COMMUNICATION OF
THE DIVISION OF RATEPAYER ADVOCATES
AND THE UTILITY REFORM NETWORK**

I. INTRODUCTION

Pursuant to Rule 8.3 and 8.5 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), the Division of Ratepayer Advocates (“DRA”) and The Utilities Reform Network (“TURN”), hereby provide notice of an ex parte communication.

A. November 7, 2007 Ex Parte Meeting

On Wednesday, November 7, 2007, representatives from DRA and TURN (collectively, “the parties”) met with Andrew Campbell, Advisor to Commissioner Rachelle Chong at 1:15 p.m., in the Commission’s offices in San Francisco. The parties met with Mr. Campbell to discuss PG&E’s application for its proposed Air Conditioning Direct Load Control Program (“AC Program”). DRA’s representatives at the meeting were Sudheer Gokhale, Senior Utilities Engineer, and Lisa-Marie Salvacion, Staff Counsel. TURN was represented by Nina Suetake, Staff Counsel. Ms. Salvacion initiated the meeting.

At the meeting, DRA and TURN stated the Commission should not adopt PG&E's AC Program, as proposed in the application. The parties noted specific items of concern to ratepayers: (1) cost-effectiveness; (2) coordination with the California Independent System Operator ("CAISO") operations to avoid double payment for capacity; (3) integration into PG&E's Advanced Metering Infrastructure ("AMI"); and (4) compliance with the California Energy Commission's ("CEC") new Title-24 regulations.

Ms. Suetake stated that since the program is not cost-effective, PG&E should redesign the current AC Program to be more cost-effective or seek other alternatives for the required capacity.

Mr. Gokhale stated that changing the program trigger to coordinate with the CAISO's operational needs will change the economics of the program, as it may effect customer participation. Ms. Suetake pointed out that it is important that PG&E demonstrate it has met with CAISO to discuss the proposed AC Program and whether it meets the needs under the new Market Redesign and Technology Upgrade ("MRTU").

The parties also indicated PG&E's plan for an aggressive rollout of its AC Program is not necessary. The parties acknowledged that several ongoing proceedings, such as the Demand Response Order Instituting Rulemaking and the CEC's final Title-24 regulations, expect resolution by early 2008 and will have a direct impact on program design. The parties stated it also understands that in the near future, PG&E will file a proposal to update its AMI system. The parties urged that more time was needed to develop program specifics, and a delay on the installation of PCT technology was necessary until more information on PG&E's updated AMI system and Title-24 regulations become available in 2008.

DRA and TURN each presented its own proposed recommendations as cost-effective alternatives. A copy of the written material used during the communication is attached to this ex parte notice.

B. November 8, 2007 Follow-Up Email

The following day, on Thursday, November 8, 2007, DRA representative, Sudheer Gokhale, initiated contact with Mr. Campbell via email to respond to a question raised by

Mr. Campbell at the November 7 meeting. A copy of this email is also attached to this ex parte notice.

Copies of this Notice can be obtained by calling or sending e-mail to Sue Muniz at (415) 703-1858 (email: sam@cpuc.ca.gov).

Respectfully submitted,

/s/ NINA SUETAKE

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November 13, 2007

ATTACHMENTS

- (1) DRA-TURN November 7, 2007 PowerPoint Presentation
- (2) November 8, 2007 Email to Andrew Campbell from Sudheer Gokhale

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of “**NOTICE OF EX PARTE COMMUNICATION OF THE DIVISION OF RATEPAYER ADVOCATES AND THE UTILITY REFORM NETWORK**” in **A.07-04-009** by using the following service:

[X] **E-Mail Service:** sending the entire document as an attachment to all known parties of record who provided electronic mail addresses.

[] **U.S. Mail Service:** mailing by first-class mail with postage prepaid to all known parties of record who did not provide electronic mail addresses.

Executed on November 13, 2007 at San Francisco, California.

/s/ HALINA MARCINKOWSKI

Halina Marcinkowski

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address and/or e-mail address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

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